

Minutes of the meeting held on December 4, 2017

Present: Francis Murphy – Chair, James Monagle, Michael Gardner, Nadia Chamblin-Foster, John Shinkwin, Ellen Philbin, Attorney James Quirk, Chris Burns and Thomas Gibson.

The meeting was called to order at 5:00 PM. The meeting was digitally recorded.

Agenda Item #1– Cambridge Bancorp Presentation

Denis K. Sheahan and Michael F. Carotenuto represented Cambridge Bancorp. A written presentation was submitted to the Board. Sheahan stated that earnings have grown 9.5% over the last year. The major sources of growth are increased business in the wealth management area and commercial lending. Wealth management now has \$3 billion in assets under management. He noted that growth has slowed somewhat since 2016. Some of this comes from early mortgage payoffs. He also noted that the bank has concerns about rising property valuations and has declined some loans where the bank felt the property was appraised too high. He described changes to the bank's management team over the last year, with new people brought in as CFO, Head of HR, Head of Wealth Management, Chief Investment Officer and Head of Marketing. All were brought in from outside. Sheahan described challenges in the marketing area, noting the difficulty in differentiating themselves from Cambridge Savings Bank, and making customers more aware of their wealth management capabilities. Sheahan stated that their SEC registration was completed, and the bank's shares are now traded on the NASDAQ exchange. The bank will likely be added to the Russell 2000 index in May or June of 2018. In time, this will likely increase demand for the stock. The Chairman stated that the Board has had some discussions about a process for selling the system's stock holding. Sheahan stated that has had conversations with parties interested in buying the bank's stock, and he would be happy to pass those names to the system. He stated that he was not concerned about a drop in the share price, even if Cambridge opted to sell its shares all at once. Sheahan reviewed the bank's income, noting that 35% of revenue is derived from non-interest income, primarily wealth management. He also stated that the bank is not interested in being acquired, although if an offer were made, they would have a fiduciary duty to consider it. The recent increase in the share price has also made them a more expensive takeover target. Sheahan stated that he did not envision the bank making any stock buybacks in the foreseeable future. He stated that the bank was not currently focused on opening new branches, but rather on driving growth in their existing footprint. He noted that the bank has maintained a very conservative approach to lending standards, although they have taken some risks in the innovation space.

Agenda Item #2– Minutes

Motion by Gardner, seconded by Shinkwin to accept the regular minutes of the meeting held on November 6, 2017. The motion carried on a 4-0 vote, with Chamblin-Foster abstaining.

Motion by Shinkwin, seconded by Gardner to accept the executive session minutes of the meeting held on November 6, 2017. The motion carried on a 4-0 vote, with Chamblin-Foster abstaining.

Agenda Item #3 - Warrant

Motion by Monagle, seconded by Shinkwin to accept payment of warrant #22 in the amount of \$6,814,160.13 and to accept payment of warrant #23 in the amount of \$642,978.01. Voted unanimously.

Agenda Item #4 – Superannuations

Motion by Monagle, seconded by Shinkwin to accept the Superannuation retirement applications submitted by Ellen Cabral, Unit Secretary, Cambridge Health Alliance with twenty-nine years; Katherine Hobbs, Leasing Officer II, Housing Authority with thirty-five years, five months; Ann Kaveney, Paraprofessional, School Dept. with twenty-four years eight months; Denise McCarthy, Staff Nurse, Cambridge Health Alliance with ten years; James O'Connell, Paraprofessional, School

Dept. with eighteen years, one month; and Steven Simard, Working Foreman, Dept. of Public Works with thirty-nine years, five months. Voted unanimously.

Agenda Item #5 - Make-ups/Redeposits / Liability

No requests for make-up or redeposit were submitted in November and no action was taken.

Agenda Item #6 – Refund Applications

The Board reviewed a list of refund applications submitted in November.

Motion by Gardner, seconded by Monagle to accept nine refund applications. Voted unanimously.

The Chairman requested to adjourn the open meeting and go into executive session for the purpose of discussing disability retirement applications. The Chairman stated that the meeting would reconvene in open session at the conclusion of the executive session. On a roll call, the vote was as follows:

Nadia Chamblin-Foster:	YES
Michael Gardner:	YES
John Shinkwin:	YES
James Monagle:	YES
Francis Murphy:	YES

Agenda Item #7 – Accidental Disability Benefit – James Crowley

The Board reviewed the certificate and narrative report of the medical panel, clarifications from the doctors, the member’s application, treating physician’s statement and employer’s statement filed in connection with James Crowley’s Accidental Disability Application.

Motion by Monagle, seconded by Chamblin-Foster to accept the majority findings of the medical panel and grant Accidental Disability benefits to James Crowley. Voted unanimously.

Agenda Item #8 – Accidental Disability Application – Paul Neal

The Board reviewed the member’s application, treating physician’s statement and employer’s statement filed in connection with Paul Neal’s Accidental Disability application.

Motion by Gardner, seconded by Shinkwin to accept the Accidental Disability application submitted by Paul Neal and to request that PERAC convene a medical panel. Voted unanimously.

Agenda Item #9 – Appointment of Fifth Board Member

The Board reviewed a memorandum prepared by the fifth member subcommittee.

Gardner stated that four people applied for the fifth member position. The subcommittee felt that familiarity with the City of Cambridge was an important requirement and eliminated two applicants who neither lived in the City nor had any particular connection to the community. The subcommittee interviewed two applicants. After conducting the interviews, the subcommittee felt that the incumbent member, Nadia Chamblin-Foster, had significantly more experience with the operation of the retirement system, by virtue of her prior service on the Board. The subcommittee recommended that Nadia Chamblin-Foster be reappointed to the Board for another three year term, commencing on January 1, 2018. Motion by Shinkwin, seconded by Murphy to accept the subcommittee’s recommendation and appoint Nadia Chamblin-Foster as the Fifth Member. The motion carried on a 4-0 vote with Chamblin-Foster abstaining.

Gardner requested that the Director notify the unsuccessful applicants.

Agenda Item #10 - PERAC Memos

The Board reviewed PERAC Memo #34. No action was taken.

Agenda Item #11 - Old Business

The Director stated that Rafik Ghazarian would provide more information on the Segal Marco proxy voting service at the investment review meeting.

Quirk stated that he would file a post-hearing memo in the Lucas case.

Monagle stated that Louis DePasquale has drafted a memo to the City Council supporting the request for an increase in the COLA base.

Agenda Item #12 - New Business

Gardner noted a recent article from BlackRock describing spending by people in retirement.

Agenda Item #13 - Executive Session

Agenda Item #7 – adopted

Agenda Item #8 – adopted

Agenda Item #14 - Chairman's Report

The Chairman stated that he, Monagle and Philbin would attend the next City Council meeting to support approval of an increase in the COLA base. He stated that other Board members were welcome to attend.

Agenda Item #15 – Executive Director's Report

Gibson discussed a recent case involving a buyback of service from the Worcester Regional Retirement System.

The following documents were also reviewed by the Board:

- List of Retiree Deaths
- Appropriation for Fiscal Year 2019
- BLB&G Portfolio Watch – 3rd Quarter 2017
- Correspondence from State Street Global Advisors

Monagle moved to adjourn at 6:30 PM.